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**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re: USA COMMERCIAL MORTGAGE COMPANY, Debtor.	Case No. BK-S-06-10725 LBR Case No. BK-S-06-10726 LBR Case No. BK-S-06-10727 LBR
In re: USA CAPITAL REALTY ADVISORS, LLC, Debtor.	Case No. BK-S-06-10728 LBR Case No. BK-S-06-10729 LBR
In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, Debtor.	Chapter 11 Jointly Administered Under Case No. BK-S-06-10725 LBR
In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, Debtor.	DECLARATION OF DAVID BLATT OF COMPASS PARTNERS LLC IN SUPPORT OF CONFIRMATION OF DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION
In re: USA SECURITIES, LLC, Debtor.	
Affects: <input checked="" type="checkbox"/> All Debtors <input type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC <input type="checkbox"/> USA First Trust Deed Fund, LLC	

I, DAVID BLATT, hereby declare as follows:

1. I am over 18 years of age, and I have personal knowledge of each of the facts stated in this declaration (“Declaration”), except for those facts stated on information and belief and, as to those facts, I am informed and believe them to be true. If called as a witness, I could and would testify as to the matters set forth below based upon my personal knowledge, except where otherwise indicated below.

2. I am a Managing Director of Compass Partners LLC, a Delaware limited liability company (“Compass”), and am competent to testify with respect to the matters recited herein.

3. I submit this declaration in support of the Debtors’ Third Amended Joint Plan of Reorganization (as may be amended from time to time, the “Plan”), which was filed by USA Commercial Mortgage Company and its affiliated debtors, as debtors and debtors in possession, in the above-captioned chapter 11 cases (collectively, the “Debtors”).

I. My Educational and Professional Background

4. I have an extensive educational and professional background in finance, lending and troubled loan servicing and work-outs.

5. I earned a Bachelor of Science degree in Business Management from Yeshiva University, a JD from the Benjamin Cardozo School of Law, and an MBA from the Zicklin School Of Business at Baruch College. In addition, I earned a Masters in Negotiation and Dispute Resolution from Pepperdine University School of Law, and am licensed to practice law in New York, New Jersey and California.

6. In my capacity as a Managing Director of Compass, my responsibilities include managing and servicing and, as needed, working out millions of dollars in assets on an annual basis. I have served in this capacity since the founding of Compass in 2005.

7. Prior to joining Compass, I managed a private equity firm for three years known as Blatt Holdings LLC. My responsibilities in such capacity included acquiring and managing real estate assets.

8. Prior to working at Blatt Holdings LLC, I was employed for three years at Flatiron Real Estate Partners LLC, a real estate acquisitions firm of environmentally and financially distressed assets, where I specialized in distressed real estate acquisitions.

II. The Sale Process

9. In accordance with the “Order (A) Scheduling an Auction For the Sale of Certain Assets; (B) Appointing SPCP Group, LLC, as Lead Bidder; and (C) Approving Bid Procedures and Protections,” entered by the Court on November 8, 2006 (the “Bid Procedures Order”)¹, Compass provided the Debtors with an executed confidentiality agreement, documentation regarding Compass’s financial capability to close a sale, and a statement of Compass’s intentions with respect to servicing loans and performing obligations under the Loan Servicing Agreements. The Debtors subsequently notified Compass that it had satisfied the Preliminary Qualifications set forth in the Bid Procedures Order.

10. On November 30, 2006, Compass provided the Debtors with a bid for substantially all of the assets of USA Capital First Trust Deed Fund, LLC (primarily its interests in a portfolio of loans) and certain assets of USA Commercial Mortgage Company (primarily its interests in a portfolio of loans) (collectively, the “Assets”), including an executed asset purchase

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bid Procedures Order.

agreement (the “APA”), a Deposit, and certain other requisite information required by the Bid Procedures Order. On December 5, 2006, the Debtors notified Compass that its bid was a Qualified Bid, and that Compass was thereby qualified to participate in the Auction for the Assets.

11. Prior to the Auction, Compass engaged in discussions and negotiations with the Debtors and the various official committees appointed in the Debtors’ chapter 11 cases (collectively, the “Committees”) regarding the terms and provisions of the APA, and submitted several amended versions of the APA to reflect these negotiations. On December 7, 2006, Compass, along with two other Qualified Bidders, participated in the Auction conducted before the Court. After many rounds of bidding, the Auction concluded when Compass submitted a bid of \$67,000,000.

12. After consulting with the Committees, the Debtors, with the unanimous concurrence of the Committees, declared that Compass had submitted the Successful Bid, which determination was approved and “so ordered” by the Court. Following the Auction, Compass increased its Deposit and executed a revised version of the APA in accordance with the Bid Procedures Order.

III. Compass is Well Qualified to Manage and Service Troubled Loans

13. Compass is a private equity firm established in 2005 to acquire distressed commercial mortgages throughout the United States. The firm focuses on the following areas: (i) sub and nonperforming loans; (ii) bankruptcy; (iii) environmental and foreclosure situations; (iv) debt service coverage ratio deficient loans; and (v) investor and securitization kick-outs.

14. Compass’s reach is national and all asset classes are considered, including multifamily, office/retail, hospitality/senior care facilities, and gas station/convenience stores.

Over the past twelve months, Compass has acquired an extensive list of mortgages collateralized by multifamily, HUD multifamily, industrial, hotel, and marina properties located throughout the East Coast and Midwest. Compass seeks to deploy over \$100 million annually to acquire assets, which are sourced from a wide variety of institutions, including banks, thrifts, mortgage companies, broker/dealers, insurance companies and credit unions.

15. The professionals at Compass are well qualified to manage and service troubled loans, as demonstrated by their broad areas of servicing capabilities. Compass and its affiliates originate, service, and manage multi-billions of dollars of assets each year, with particular emphasis on providing special services for unique and complex non-performing commercial real estate transactions.

16. Compass and its affiliates have been engaged in the business of originating and servicing a broad range of assets for over five years, relying on repeat customer business and financing from established institutions and wealthy individuals. Specifically, Compass and its affiliates manage a large and growing flow of active performing accounts, maintaining over 200 employees that service in excess of 450,000 active accounts, with over 9,000 new accounts added each month. Their servicing, collections, and operational systems are mature and established to handle volume.

17. Len Mezei and Jay Cohen, the principals and co-founders of Compass, are experienced leaders with a demonstrated track record as lenders, borrowers, and fiduciaries in the real estate and finance markets and are experienced in managing distressed investments, including actively and constructively participating in the restructuring processes. Mr. Mezei, an actuary by training, has managed multi-billions of dollars of assets and over 1,000 active pension accounts.

18. In addition to Compass, Mr. Mezei and Mr. Cohen are co-founders of Northern Leasing Systems, Inc., a commercial finance company that provides “microticket” equipment leasing and other financing services to small commercial enterprises, Northern Funding, LLC, a short term mortgage provider that originates and services approximately 300 loans annually, Northern Healthcare Capital, LLC, a direct lender providing the healthcare industry with customized financing solutions, as well as many other privately held finance related businesses.

IV. How Compass Intends to Handle Past-Due or Defaulted Loans

19. Upon an account becoming fifteen (15) days past due, immediate contact will be made with the borrower and/or guarantors, and demand notices will be issued.

20. If the default is not cured within the applicable notice period, acceleration notices will be issued, and foreclosure and guarantor litigation will be commenced.

21. To the extent the collateral consists of income producing improved real estate, litigation efforts will include the appointment of receivers to secure the collateral and seize the cash flow that would otherwise be diverted by the borrower and/or guarantors.

22. Compass’s role in this process, with regard to all loans for which it will have servicing responsibilities, includes, among other things, (i) maintaining frequent contact with the borrower and/or guarantors, (ii) directing the activities of outside legal counsel, (iii) negotiating resolutions with the borrowers and/or guarantors, (iv) advancing funds for litigation and bankruptcy-related costs, as well as payment of delinquent taxes, insurance and other operating expenses on all foreclosed accounts, and (v) engaging real estate brokers to market, lease and sell the collateral property.

V. Compass is Disinterested and a Good Faith Purchaser

23. To the best of my knowledge, Compass does not have any pre-petition or post-petition affiliation with any of the: (a) Debtors or their retained professionals; (b) major creditors of the Debtors or such parties' retained professionals; (c) equity security holders of USACM or such parties' retained professionals; (d) any of the Debtors' former or current officers or directors or other insiders; or (e) any affiliates of the Debtors.

24. The APA represented the culmination of substantial, good faith, arm's length negotiations among Compass, the Debtors, and the Committees, and Compass is therefore entitled to the protections accorded to good faith purchasers under 11 U.S.C. § 363(m).

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

EXECUTED this 15th day of December 2006, at New York, New York.

/s/ David Blatt
David Blatt